

*BEST COPY*

*AVAILABLE*

**SECRET**

(20.106)  
(11-354)

THRU Acting Chief, Planning and Review Staff, OPR  
Chief, Materials Division, OPR  
Chief, Food and Agriculture Branch, D/M, OPR

2 November 1953

Project No. 6, "Consumer Goods in the European Satellites"

1. The two questions, one from EDAC and one from ONE, as presented in Subject project have been answered to the best of our ability in light of time limitations and availability of information. The project is attached for your consideration.

2. Question (1), as presented in Project 6, is identical to the question submitted in Project 6.16 and answered formally in CIA/PR IP-348, 21 October 1953. Additional research was done, but no new facts were discovered which would change the original concept in IP-348. A slightly different presentation was given the material in the hope that it might fulfill EDAC's requirements.

3. Question (2) comes prematurely from the standpoint of the analyst doing a statistical analysis and arriving at a firm conclusion. Information on 1953 total trade by quantity and production of agricultural commodities for the European Satellites is not available at this time. This was the general opinion of the contributing branches.

4. Contributing branches to the project were: M/AG, M/OI, S/AF, S/AM and S/GS. The Food and Agriculture branch assumed the responsibility for the final compilation of the contributions under the direction of Mr. L. J. Johnston.

5. It is believed that this project could have been handled more efficiently if direct contact could have been made between the M/AG action branch and the requesting branches of EDAC and ONE. The probability exists that due to the lack of firm statistical analysis, the general impression given in the report could have been presented orally, or at least that more specific points of interest to the requester could have been given fuller treatment.

25X1A

**SECRET**

SECRET

Project 6.0 Consumer Goods in the Eastern European Satellite

3 September 1951

**SECRET****Project 6.0 - Consumer Goods in the Eastern European Satellites****1. What consumer goods are in shortest supply in the Eastern European****Satellites?**

The availability of consumer goods in the Eastern European Satellites was sharply reduced in 1953 because of the 1952 shortfall in agricultural production. Per capita production and availability of food and agricultural commodities has remained below prewar levels during the postwar period 1946-53. Per capita production of manufactured goods recovered quickly in Czechoslovakia, Poland and Hungary in the postwar years although there has been a notable decline in such goods throughout these areas in 1952 and 1953. Bulgaria, Rumania and East Germany have lagged in the restoration of prewar output of manufactured consumer goods. In all satellites the quality and availability of output are below prewar levels and critical. Lower in East Germany and Rumania. Despite a rapid increase in production of construction materials prewar levels of living accommodations has not been attained. Wartime destruction, paired with rapid industrialization, has created a serious housing shortage.\*

Consumer goods, which are believed to have the most effect upon the living standards of the Eastern European populations, that will probably be in shortest supply during the year (July 1953 - June 1954) are: meat, edible fats and oils, eggs, milk, textile goods, clothing and leather shoes. Additional consumer goods of less importance are soap, drugs and household wares.

Although a general improvement in the food situation is expected for 1954 as a result of an improved harvest over 1952, meat and animal fats will continue to be

\* See CIA/DP-300, 21 Oct. 1953, 3., for more detailed information.

SECRET

in short supply throughout the area. A promised reduction, by most satellite governments, in the compulsory delivery quotas of meat, animal fats and fodder, regarded as an incentive for the peasant to increase livestock numbers and slaughtering weights, both of which are below prewar, may have the effect of delaying and reducing deliveries of animal products by the peasants. As a result, it is estimated that animal products for the non-farm population in Eastern Europe will generally be in short supply throughout the 1953-54 consumption year unless there are external-bloc imports.

A comparison of the prewar and estimated 1952 per capita availabilities of textiles in the Eastern European countries (see Table 1), shows the wide variance in the volume and composition of textile products for each country. The current estimated per capita availabilities in the European satellites are still below the prewar average. In addition, military requirements and stockpiles of cloth are greater than prewar, which would further decrease the civilian per capita availability. Also, the quality of goods produced has declined.

The Eastern European textile industry will be forced to look to the west for additional raw materials as a means of immediately increasing overall production. The availability of indigenous raw materials (cotton and wool) are strictly limited, making any increase in textile production directly related to increased western imports.

An increase in the production of shoes and leather goods necessary to eliminate present shortages remains a weak segment in the proposed program for the expansion of consumer goods. The leather production is completely dependent upon the number of meat animals slaughtered. Even in prewar, when total slaughtering of all animals was higher, Eastern Europe imported hides and skins to supplement domestic

SECRET

**SECRET**

external sources if the production of leather goods (primarily shoes) is to be increased.

The main importing countries, Czechoslovakia, Hungary, Poland, and Rumania normally obtain hides and skins from Latin American countries. Trade agreements for 1953 with Latin American countries indicates an interest in increasing the rate of hide procurement.

A list of 1953 trade agreements between the Eastern European Satellites and non-bloc countries that include consumer goods is attached in Table 2 of the Appendix. This is presented with the thought that it might serve as a possible "watch list" for FMAC purposes.

2. What is the effect of the increased shipments of consumer goods to East Germany on the other European Satellites?

East Germany, since the inauguration of the "New Course" in June, 1952 entered into a series of supplemental trade agreements with the Bloc. The emphasis in these agreements has been placed on the importation of consumer goods and raw materials during the second half of 1953. Products included are those in short supply, namely meat, butter, vegetable oil, fruits and vegetables, textile raw materials, and hides and skins.\*

It is too soon, however, to determine statistically what effect, if any, these shipments of consumer goods (primarily food) and raw materials to East Germany by other Eastern European Satellites will have upon their living standards. Total 1953/54 trade in consumer goods by quantity for each one of the satellites is as yet

---

\* See Table 3 for East German - Bloc trade agreements.

SECRET

not available. Also, the bulk of the movement of agricultural commodities between nations occurs during the first and fourth quarters of each year. In addition, there are indications that less exports of food to the West by some Eastern European countries may take place in 1953, therefore, the total quantity of food exported by an individual satellite may not be any greater than normally expected despite increased shipments to East Germany. 1/ The information necessary for a statistical analysis will probably not be available for another 1½ to 2 months.

There are some indications, based upon 1953 trade agreements signed with Western nations, that the GDR may rely more heavily upon the West in 1953-54 for increased imports of food and raw materials. In August 1953, the GDR signed agreements with Finland and Belgium and an earlier agreement with Italy, that called for an increase in the imports of meat, fat, fish, fruit and raw materials for the textile, paper and leather goods industries. It was estimated that in 1952, imports from the West accounted for 25 percent of the total by value while imports from the bloc. It is probable that a more favorable shift to the West will occur since the other European Satellites and the USSR are attempting to implement their "New Economic Policies". Food commodities in short supply in the bloc are also short throughout most of the satellites and if exported in sizeable quantities would jeopardize their own policies for improving the living standards of the urban population.

An improvement in the East German food supply has been noticed since June. However, little or no improvement has been recorded for light industrial consumer goods. 2/ The increase in food supplies to the populace between June and September resulted primarily from the importation of foodstuffs from the USSR and Poland, and

SECRET

**SECRET**

the release of food from GDR state reserves.

A total of 15,000 tons of meat had been released or scheduled for release by 10 August 1953. 3/ Other foods released were 84,000 tons of sugar, 5,000 tons of canned fish and 85,000 tons of grain. 4/ 5/ The meat and fish were to be used in part for supplying the ration and in part for sale at HO prices. Sugar was released only for sale at HO prices. The supplemental trade agreement signed with Russia in July and amended in August called for delivery of the following commodities during the third and fourth quarter of 1953: 27,000 tons of butter, 11,000 tons vegetable oil, 8,500 tons of animal fats, 15,000 tons of oilseeds and 20,000 tons of meat. 6/

The only increased imports of food since June that has been statistically recorded which indicates an increase in the annual total over previous years is for fats and oils. There was a sharp increase in the monthly average imports of animal fats and vegetable oils during July and August primarily from the USSR. 7/ However, negotiations for the delivery of these commodities took place prior to June 1953.

One factor which may cause some of the satellites to experience domestic shortages of meat and fats, over an above seasonal shortages, at this time of the year, is the priority that apparently has been placed upon the immediate need to supply East Germany with these commodities from within the bloc. There is evidence that Hungary and Rumania are exporting animal products to East Germany at a time when peasant deliveries of these commodities to the governments are at a seasonal low. The resultant shortages and high prices will make it difficult for the satellites to implement their "New Economic Policies". 8/ A temporary relief in the shortages can

**SECRET**



**SECRET**

be expected in the fourth quarter when an increase in home slaughtering and deliveries to the government normally occurs. However, it is not expected that over-all meat and animal fat availabilities during 1953-54 will be any better than it was during 1952-53.

It is difficult to understand how the Eastern European Satellite governments expect to increase the living standards of their people by continuing the forced export of food as they have done in the past. Although the 1953 production of most foodstuffs (except for meat) is expected to be larger than 1952 throughout Eastern Europe, it will not equal the postwar high of 1951, which was still below prewar levels. This is also true of the per capita caloric intake, Table L. In order to increase the production of manufactured consumer goods, the satellites will be forced to import larger quantities of raw materials (particularly cotton, wool and oilseeds). To do this, except for possibly Czechoslovakia and East Germany, the satellites will be required to export agricultural commodities in exchange for the necessary raw materials or finished goods. Therefore, it is unlikely that much improvement in the quality of the diet of the Eastern European urban population can be expected during the next year.

1/ New York Times, 26 Oct. 1953

25X1A

2/ [REDACTED]

3/ [REDACTED]

4/ FBIS, KR/USUR Daily, 26 June 1953, R.

5/ FBIS, KR/USUR Daily, 30 July 1953, R.

6/ FBIS, KR/USUR Daily, 26 Aug. 1953, R.

7/ NIS-94, Contributions of R/AO, 26 Oct. 1953, S.

8/ [REDACTED]

25X1A

**SECRET**

**SECRET**

**APPENDIX**

**SECRET**

SECRET

Table 1: Eastern European Satellite Annual Per Capita Availability of Textile Goods <sup>a/</sup>

<u>Country</u>	<u>Year</u>	<u>Cotton</u>	<u>Wool</u>	<u>Synthetic</u>	<u>Total</u>
				- lbs. -	
Albania	Present	NA	NA	None	-
	Est. 1952	2.5	0.8	None	2.8
Bulgaria	Present	3.5	1.0	None	4.5
	Est. 1952	2.2	1.0	None	3.2
Czechoslovakia	Present	4.8	1.0	0.7	6.5
	Est. 1952	3.8	0.5	2.3	6.6
Hungary	Present	3.1	0.7	0.3	4.1
	Est. 1952	2.6	0.5	0.4	3.5
Poland	Present	2.0	0.5	0.3	2.8
	Est. 1952	2.9	0.6	0.3	3.8
Rumania	Present	1.8	0.7	0.2	2.7
	Est. 1952	1.5	0.6	0.2	2.3
Sov. Zone	Present	2.2	0.7	0.3	3.2
	Est. 1952	1.6	0.7	0.2	2.5

<sup>a/</sup> The per capita availability of the above listed text. goods includes text. goods held by farmers and peasants, in addition to text. goods owned by the state.

Table 2: Eastern European Imports of Consumer Goods and Foodstuffs as Scheduled in Trade Agreements with the West, 1953 g/

Importing Country	Export Source	Textiles & Fibers	Hides and Leather Goods	Breeding Livestock	Fish and Products	Grains and Spices	Animal and Vegetable Oils & Fats	Fruit - Fresh and Dried	Wool	Dairy Products	Beer and Wines	Other Goods
Albania	No agreements											
Bulgaria												
	Austria	X										
	Egypt	X										
	Finland	X										
	West-Germany	X	X	X	X							
	India					X						
Czechoslovakia												
	Argentina	X	X				X	X				
	Austria	X	X					X				
	Denmark				X							
	Finland (No breakdown)						X		X			X
	France	X			X	X		X				
	Iceland	X	X		X							
	Indonesia	X				X						
	Iran	X	X		X	X		X				
	Netherlands	X			X	X						X
	Norway	X			X							
East Germany												
	Belgium	X	X b/			X		X				
	Egypt	X										
	Finland	X	X		X		X	X	X			X
	Italy	X	X b/		X			X		X		
	Netherlands	X			X			X		X		
	Sweden	X	X b/		X			X		X		
	West-Germany (No full details)											

Table 2. (continued)

**SECRET**

based upon information available as of 30 October 1991.

c/ Hungary exports tobacco from Greece and India.

Poland imports tobacco from Greece, Indonesia and Italy.

Approved For Release 2000/05/15 : CIA-RDP79T01049A001000020003-5

CONFIDENTIAL

Table 3: List of East German - Soviet Bloc Supplemental Trade Agreements for 1953.

## I. USSR

An original agreement in July, 1953,<sup>1</sup> calling for additional consignments of food and raw materials to the GDR in the amount of 231 million rubles, was subsequently increased to 590 million rubles by the protocol of 22 August<sup>2</sup> and amended to include metal products and fuel, as well. The protocol of 22 August would apparently bring USSR imports for 1953 to 1,439,000 rubles. A listing of commodities and amounts involved in the two agreements follows:

July agreement

27,000 tons butter  
11,000 tons vegetable oil  
1,500 tons animal fats  
15,000 tons oil seed  
20,000 tons meat  
7,000 tons cotton  
1,500 tons full cream cheese

August 22 Protocol

27,000 tons butter  
11,000 tons vegetable oil  
1,500 tons animal fats  
15,000 tons oil seed  
20,000 tons meat  
7,000 tons cotton  
1,500 tons full cream cheese  
3,000 tons rice  
3,000 tons cotton yarn  
1,100 tons flax  
1,000,000 tons coal  
239,000 tons ferrous and non-ferrous metal products  
6,000 tons aluminum, copper, lead, nickel, and other products

## II. Eastern European Satellites

In a speech to the People's Chamber in the latter part of August, discussing the Protocol of 22 August, Grotewohl stated that the value of total additional deliveries from the People's Democracies during 1953 would amount to 130 million rubles.<sup>3</sup> Among the trade agreements signed in conjunction with the New Course are those with:

## A. Bulgaria

A supplementary protocol of 23 July provided for exports to the GDR of leather, oil, fresh and canned vegetables and fruits and imports of machines, chemicals, and spare parts for machine building.<sup>4</sup>

## B. Hungary

An additional protocol of 15 August called for an extra 11 million rubles worth of rice, vegetable oil, vegetables, textiles and leather footwear to be shipped to the GDR in exchange for machine tools, transport machinery and chemicals. The protocol stipulated the following quantities:

500 tons rice  
300 tons sunflower oil  
11,000 tons fruits and vegetables  
201,000 meters of cloth  
1 million rubles worth of leather goods<sup>5</sup>

CONFIDENTIAL

**CONFIDENTIAL****V. Rumania**

In the August speech cited above Grotewohl stated that negotiations with Rumania were in progress and that results would be available at the beginning of September. <sup>6</sup>

Despite the fact that the other People's Democracies were apparently not implicated in formal trade negotiations, it should be noted, in addition, that Grotewohl expressed his appreciation to Czechoslovakia and Poland for stepping up their deliveries to East Germany. <sup>7</sup>

**III. China**

A protocol calling for an additional 50,000,000 roubles worth of foreign-trade materials-exports in 1953 to the GDR was signed on 7 August. The quantities of materials were as follows:

2,000 tons rice  
15,000 tons wheat  
12,000 tons vegetable oil  
25 million lbs  
2,000 tons cotton  
500 tons wool  
40,000 hides

- 1/ FBIS, 31 Aug 53, p. 12-1, R.
- 2/ FBIS, 30 August 53, p. 12-1, R.
- 3/ Ibid., p. 12-1, R.
- 4/ FBIS, 30 July 53, p. 12-1, R.
- 5/ [REDACTED]
- 6/ FBIS, 25 August 53, p. 12-1, R.
- 7/ Ibid., p. 12-1, R.

25X1A

**CONFIDENTIAL**

**SECRET**

Table 4

Average Daily Per Capita Caloric Intake <sup>a/</sup>  
of Eastern European Satellites  
Prewar, 1951-52, <sup>b/</sup> and 1952-53 <sup>c/</sup>

Country	Calories			1952-53	
	Prewar	1951-52	1952-53 <sup>c/</sup>	As Percent of Prewar	As Percent of 1951-52
Albania	1,597 <sup>d/</sup>	1,624	1,440	90.2	88.7
Bulgaria	2,399 <sup>d/</sup>	2,326	2,203	91.8	94.7
Czechoslovakia	2,300 <sup>d/</sup>	2,364	2,124	92.3	89.8
East Germany	2,612 <sup>e/</sup>	2,081	1,917	73.4	91.9
Summary	2,468 <sup>d/</sup>	2,367	2,257	91.5	95.3
Poland	2,572 <sup>f/</sup>	2,723	2,611	101.6	95.9
Romania	2,523 <sup>d/</sup>	2,463	1,874	74.3	76.1

<sup>a/</sup> Composed of the following commodities: grains, sugar, potatoes, meat, milk, fat, and vegetable oils. These commodities normally account for 84-91 percent of total calories.

<sup>b/</sup> Preliminary estimates.

<sup>c/</sup> Reduced availabilities of milk, cheese, eggs, vegetables, and legumes probably account for less percentage of total calories consumed than in prewar or 1951-52.

<sup>d/</sup> 1933-37 average.

<sup>e/</sup> 1935-38 average.

<sup>f/</sup> 1934-38 average.

**SECRET**